

Message Text

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53

ACTION EUR-25

INFO OCT-01 ADP-00 AID-20 EB-11 NSC-10 RSC-01 CIEP-02

TRSE-00 SS-15 STR-08 OMB-01 CEA-02 L-03 H-02 PA-03

PRS-01 USIA-12 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00

XMB-07 OPIC-12 LAB-06 SIL-01 RSR-01 /156 W

----- 078475

R 161322 Z MAY 73

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 1307

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY STOCKHOLM

UNCLAS THE HAGUE 2233

E. O. 11652: N/A

TAGS: EFIN, NL

SUBJECT: DUTCH FOREIGN EXCHANGE DEVELOPMENTS

1. AFTER DROPPING FROM ROUGHLY 2.96 GUILDERS WEEK AGO TO 2.86 MAY 15, DOLLAR HAS NOW STEADIED IN DUTCH FOREIGN EXCHANGE MARKET TO 2.87 IN FAIRLY LIGHT TRADING. MAJOR BANKING SOURCES REPORT NO SELLING PRESSURE FROM MULTINATIONALS AND CONSIDER PRESENT DOLLAR WEAKNESS TO BE LARGELY ATTRIBUTABLE TO SOARING GOLD PRICE, WATERGATE AND GENERAL NERVOUSNESS.

2. DOLLAR PRESSURE ON GUILDER HAS BEEN MODERATED BY CONCERN OVER POLICIES WHICH MIGHT BE FOLLOWED BY NEWLY INSTALLED LEFT- OF- CENTER DUTCH GOVERNMENT. ANOTHER FACTOR IS THAT MANY MONEY MANAGERS WHO HAD TAKEN STRONG

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POSITIONS IN GUILDERS IN FEBRUARY ARE NOW UNLOADING
WITH CONSEQUENCE THAT CENTRAL BANK HAS HAD TO INTERVENE
RATHER HEAVILY TO KEEP GUILDER WITHIN SNAKE. ON MAY 15
CENTRAL BANK SOLD 552.5 MILLION BELGIAN FRANCS AND ONE
MILLION SWEDISH KRONER COMPARED WITH 381 MILLION BELGIAN
FRANCS MAY 14.

3. MOST OBSERVERS FEEL PEAK OF CURRENT FLURRY MAY NOW
HAVE PASSED BUT THAT MARKET WILL REMAIN SKITTISH AS
LONG AS EXCESSIVELY HIGH GOLD PRICE PREVAILS.
MIDDENDORF

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NMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 16 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973THEHA02233
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: THE HAGUE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730548/aaaajkph.tel
Line Count: 74
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: kellerpr
Review Comment: n/a
Review Content Flags:
Review Date: 03 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03-Aug-2001 by reddocgw>; APPROVED <17-Aug-2001 by kellerpr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> mcm 980219
Subject: DUTCH FOREIGN EXCHANGE DEVELOPMENTS
TAGS: EFIN, NL
To: BERN
BONN
BRUSSELS
EC BRUSSELS
EUR
LONDON
OECD PARIS

PARIS
SECSTATE WASHDC

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005